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Proposed Right To Food Bill Some Theoretical Aspects.

Present UPA-II Government proposed the Right to Food Bill and Planning Commission is doing exercise regarding it feasibility and criterion. A long debate is going on the criterion of this bill amongst media, political parties, N.G.Os and academicians. In India at present nobody is dying directly by starvation. But lack of nutrition, lack of proper food due to poverty is prevailing. Proposed bill advocates to provide food grain to below poverty line (B.P.L.) population at very low rate through public distribution system (P.D.S.). Present debate is based on the criterion of B.P.L. and how much food grain should be given to per family.

But it is established fact that a big proportion of our population (may be one third or more) is suffering from lack of nutrition or lack of food due to lack of their purchasing power. As per the article 21 rights to life is enshrined in our constitution as a fundamental right.

This right to life is not limited only anyhow living. But it is extend up to live with dignity. It includes healthy and dignified life without any physical or social discrimination. Therefore, it is the duty of government to optimise total output and redistribution in such a way that, it cannot deprive anybody from this fundamental right. At present our nation State is formally socialistic democratic state, and then its responsibility regarding this fundamental right is become more important.

Being a custodian of citizen, it is become primary duty of state to provide food security to every citizen through redistribution of resources. Now, the problem is that poor cannot purchase sufficient food because they do not have sufficient purchasing power. Pricing of food grains is affected by demand and supply in the market. Farmers produce the food grain and sell it into the market. In India farmer also very poor and farming is not very lucrative job. To provide fair prizes to farmer government purchase food grain from farmers at minimum support price (M.S.P.), which is higher than the market price. This process increases the food grain price in the market. It adversely affects the purchasing power of poor people. Not only this, after every good rainy season when production of food grain is very high, supply of food grain in the market will excess & ultimately prices will declines. It ad-

versely affects the farmers. Government has to manage the food prices in such a way that can balance both the players. The only solution is that, the prices should be allowed to increase up to general inflation rate.

But this is not the end, government can purchase food article at higher price than market price and it can be redistributed at very low price through P.D.S. to poor population. But, P.D.S. is not an efficient system. The problem of governance arises here. This is a typical case of principal agent problem. Problem of adverse selection is also prevailing in present P.D.S. Government is principal in this situation and P.D.S operator is agent. Interest of Principal and agents are different. Agent can earn more if he does not follow the principal's interest.

Therefore, Agent will not work efficiently. He will misuse the delegated power by principal. The present Agriculture minister shared Panwar's statement on dated 09-02-2012 is verifying the problem. He is saying that the proposed right to food bill cannot achieve the target through present P.D.S.

The question of fiscal deficit is again very important. In current financial year 2010-11 the fiscal deficit is estimated 4.6 per cent of G.D.P. and in next financial year 2011-12 it may be possible 5.6 per cent of G.D.P. In current financial year subsidy bill is estimated Rs. 1.34 Lakh crores and it may be in next financial year Rs. 2.34 lakh crores, which is very high. Proposed right to food bill may increase our subsidy bill at very high level. For sound fiscal system fiscal deficit should be under control.

Where there is market is inefficient, government intervention in the market is desirable to make it efficient. Present U.P.A.-II government following the neoliberal policies. It is against the nationalization and further deregulating and privatizing the economy for making market more efficient. As Adam Smith theories an "invisible hand" will works in the economy when government not intervene in the market and principle of consumer sovereignty is followed. Therefore government intervention should be minimised. Generally, when the market fails to maintain efficiency government intervention is desirable. When public good or externalities are involve or some product is not available in the market (missing market) often market

fails to maintain efficiency. When the information asymmetry is found between players in the market, it is market failure. But government has to go beyond market failure. Even when market is efficient, government has to intervene in the market to serve the public interest.

To make available the food safety net to poor, government has to intervene in market. Government has four options: (i) taking direct action, (ii) providing

incentive to the private sector, (iii) Mandating action in the private sector and, (iv) combining option. For food market optimal mix of first 3 is required. But story does not end, sometimes government may fails. Incentive and efficiency of government always have trade off. These may be wastages of resources in government. Sometime unforeseen responses to the programme may be found. Then programme should be redesigned.

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